

## SECRECY BACKED ON ARMS LOANS

Export Bank Chief Did Not  
Want to Know Buyers

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The Export-Import Bank did not know, and its chairman did not want to know, the identity of many countries whose arm purchases in this country the bank was underwriting.

The bank also withheld information about this financing from the House Banking Committee which writes the authorizing legislation for the bank.

Harold F. Linder, president and chairman of the Export-Import Bank, conceded these and other facts in a closed hearing of the Banking Committee last July 17. The transcript of the testimony was made available today.

Mr. Linder testified that since 1962 "Eximbank has authorized loans totaling about \$1,900-million to assist in financing military exports."

"Some 70 per cent of these loans, or \$1,325-million, has been made directly by the bank to certain industrialized nations of Europe and Oceania without a guarantee from the Department of Defense," he said. "The balance of these authorizations, or about \$609-million, represents obligations guaranteed by the Department of Defense."

The countries were not identified in the transcript.

Mr. Linder said that one reason he preferred not to know which countries were getting arms help was that it might interfere with his commercial transactions with developing countries. Another reason for secrecy, the committee was told, was that the countries getting arms credit did not want their neighbors to know it.

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The hearing was held at the request of Representative William B. Wideman of New Jersey, the ranking Republican on the committee who told Mr. Linder that he was no longer proud of the bank's record "when we cannot tell the American people openly and above board what we are doing in this respect."

Representative Henry S. Reuss, Democrat of Wisconsin, accused Mr. Linder of making reports to Congress containing no mention of the bank's role in arms sales. Mr. Linder pleaded that the House Foreign Affairs Committee had been informed.

Wright Patman, Democrat of Texas, the committee chairman, said that "as long as they are doing this at the request of Department of Defense under the authority of the President of the United States for reason that are considered good, then it occurs to me that is the only issue involved."

The Department of Defense negotiated the arms loans. The Export-Import Bank advanced the credit, for which it received a participation in the department's "accounts receivable." The borrowing country did not know which agency was underwriting the financing.

### Testimony by Nitze

Paul H. Nitze, Deputy Secretary of Defense, testified concerning the policy followed by the department in negotiating the loans. There are, he said, many nations with which the United States has no treaty but that are "defending their own independence and thereby indirectly our own."

"It is important that these nations be militarily strong and internally secure," he said. "Some of these nations find it necessary to acquire their military equipment on credit from us."